

**STRATEGIC PLAN IMPLEMENTATION AND SERVICE DELIVERY AT  
NATIONAL HOSPITAL INSURANCE FUND (NHIF), NAIROBI, KENYA**

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## DECLARATION

This project report is my original work and has not been presented for examination to any other university.

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D61/68158/2013

This research project has been submitted with my approval as university supervisor.

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## **DEDICATION**

This project is dedicated to my dear husband Timothy Wanjuki Wagera for his love and encouragement.

## **ACKNOWLEDGEMENT**

I am grateful to my supervisor Dr Mary Kinoti for her guidance during project period. I wish to also thank my colleagues, friends and especially my classmates for their encouragement and challenge to complete the course in time. I thank God for his enduring mercies and favour.

## **ABBREVIATIONS AND ACRONYMS**

<b>NHIF</b>	National Hospital Insurance Fund
<b>MOH</b>	Ministry of Health
<b>CEO</b>	Chief Executive Officer
<b>GOK</b>	Government of Kenya
<b>MIF</b>	Microfinance Institutions
<b>NGOs</b>	Non –Government Organisations
<b>SMEs</b>	Small and Medium Enterprises

## **ABSTRACT**

The study sought to establish the link between strategic plan implementation and service delivery at National Hospital Insurance Fund. A case study research design was adopted from a single source which was NHIF. The target population for the study was 7senior management staff at NHIF. The study used both primary data and secondary data. Primary data was collected trough an interview guide which used face to face interviews. Secondary data sources used were previous documents or materials to supplement the data received from questionnaires. The study used an interview guide to collect qualitative data that was analysed through content analysis and then presented in pros form. The study concludes that leadership play a significant role in determining the organizational service delivery. The study also concludes that organization structure affects the service delivery at NHIF. The study also concludes that resource allocation has very important implications on the ability and pace of strategic plan implementation and hence service delivery. The study concludes that there are some challenges faced in the implementation of strategic plan at NHIF such as; lack of communication between the strategy formulators and the employees. The study recommended that the management should offer support to the department and employees responsible for the implementation of the plan. The management should also develop an organizational stricture which is aligned to the new strategic plan so as to enhance service delivery. NHIF should hire competent employees that have the right skills, altitudes and capabilities to drive through the implementation of strategic plan process. The management should develop a good communication system to spread information to employees. The management team at NHIF should provide adequate resources which will see through the implementation process of the strategic plan.

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# **CHAPTER ONE**

## **INTRODUCTION**

### **1.1 Background of the Study**

Strategic planning is an organization's process of defining its strategy, or direction, and making decisions on allocating its resources to pursue a strategy (Thompson and Strickland, 2004). In order to determine the direction of the organization, it is necessary to understand its current position and the possible avenues through which it can pursue a particular course of action, According to McNamara (2009), strategic planning determines where an organization is going over the next year or more, how it's going to get there and how it'll know if it got there or not.

Strategic planning as a management tool has gained sustained prominence in the management of public services in the past two decades. It helps an organization focus its energy its objectives. It also ensures that members of the organization are working toward the same goals in order to assess and adjust the organization's direction in response to a changing environment (Thompson and Strickland, 2004). It is viewed as a disciplined effort to produce fundamental decisions and actions that shape and guide what an organization is, what it does, and why it does it, with a focus on the future strategic planning. It has been touted as one of the effective management tools in strengthening organization performance through effective decision making and systematic strategic planning formulation and implementation. According to Smith, (1994) Strategic planning

is an effective management tool in transforming a bureaucratic public sector to a more responsive and innovative administration.

The study will be anchored by resource-based theory which is used in explorations of the relationships between resources, competition, and profitability including the analysis of competitive imitation, the appropriability of returns to innovations, and the role of imperfect information. The second theory will be the survival-based theory which centers on the concept that organization need to continuously adapt to its competitive environment in order to survive. The third theory will be the situational leadership theory which explains why some leaders excel in their mission to effective implementation of strategic plans while others fail. The forth theory will be transformational leadership theory which says a leader lead his followers in efficient implementation of strategic plans hence bringing about success of the concerned public organisations and the fifth theory is behavioural theory of the firm which says organization influences the environment of information and strategies in which decisions are carried out.

According to Robert and Duncan (2007), strategic planning gives overall direction to areas like financial strategy, marketing strategy, organizational development strategy and human resources strategy, to achieve success. Strategic planning betters decisions making. Information communicated through vision and strategy allows people to make the best decisions in hiring and rewarding the right people, adopting and developing the right systems, and making the right investment decisions. In addition, strategic planning increases energy resulting from rallying behind a cause, and elimination of conflict and confusion of priorities. It also improves customer satisfaction; a true test of value and

leads to higher retention and growth. As a result, good planning leads to competitive advantage in doing what you do better than others.

Strategic planning has been embraced by business enterprises, the public and private sectors as an important avenue that can be utilized to lead effective organization performance. Strategic planning is the first phase in strategic management process and sets the basis for the other phases (Strategy implementation, evaluation and control). Tampoe & Macmillan, (2004) argues that strategic planning system provides the framework for formulating and implementing strategies. However, it is argued that for strategic planning to translate into results, a facilitative internal environment and culture must be present.

Ansoff & McDonnell, (2001) notes that environment is constantly changing, and so it makes it imperative for organizations to continuously adapt their activities in order to succeed. In order to survive in this very dynamic environment, organizations need strategies to focus on their customers and to deal with the emerging challenges. Strategic planning introduces changes that sometimes encounter organizational resistance. Thompson and Strickland (2004) add that galvanizing organization-wide commitment to the chosen strategic plan is critical for effective performance.

### **1.1.1 Strategy Implementation**

According to Berman (2009) strategy implementation is the process through which a chosen strategy is put into action. It involves the design and management of systems to achieve the best integration of people, structure, processes and resources in achieving organizational objectives. Once strategies have been developed, they need to be

implemented; they are of no value unless they are effectively translated into action. This is necessary if organizations are to remain competitive and relevant to current market trends (Aosa, 2002).

According to Thompson and Strickland (2004), implementation is an integral component of strategic plan process and it is viewed as the process that turns the formulated strategy into series of action and the result ensure the vision, mission, strategy and strategic objectives of the organization are successfully achieved as planned. Implementation is the process that turns strategies and plans into actions in order to accomplish strategic objectives and goals. Implementing your strategic plan is as important, or even more important, than your strategy. The critical actions move a strategic plan from a document that sits on the shelf to actions that drive business growth. Sadly, the majority of companies who have strategic plans fail to implement them. Approximately 60% of organizations do not link strategy to budgeting, 75% of organizations do not link employee incentives to strategy, 86% of business owners and managers spend less than one hour per month discussing strategy, 95% of a typical workforce doesn't understand their organization's strategy Implementation of strategy (Ansoff & McDonnell, 2001).

Strategy implementation is largely an internal administrative activity. It entails working through others, organizing, motivating, culture building and creating strong links between strategy and how the organization operates. It also entails a process of converting the formulated strategies into viable operations that will yield the organization's targeted results within the targeted time framework. Target results may be the expected levels of financial performance of an organization or the efficiency of service delivery. Strategy

implementation involves a number of practices such as resource mobilization, restructuring, cultural changes, technological changes, process changes, policy and leadership changes. There is also training of staff and communication of strategic plans and the expected changes to prevent resistance to change (Thompson and Strickland, 2004).

### **1.1.2 Concept of Strategic Planning**

Strategic planning has been explained by various writers and scholars in different but complementary ways. Ansoff & McDonnell (2001) contends that strategic planning is management by plans, an analytical process and it focuses on making optimal strategic decisions. Ansoff & McDonnell (2001) conceptualizes strategic planning as the process of seeking a better match between a firm's product or technology and its increasingly turbulent markets. He looks at it in terms of change from a familiar environment to an unfamiliar world of strange technologies, strange competitors, new consumers attitudes, new dimensions of social control and above all, questioning of the firm's role in society.

According to Kaplan & Norton, (2009) strategic planning is the process of developing and maintaining consistency between the organization's objectives and resources and its changing opportunities. Wendy further argues that strategic planning aims at defining and documenting an approach to doing business that will lead to satisfactory profits and growth. Hofer and Schendel (2008) defined strategic planning as an evolution of managerial response to environmental change in a focus moving from internal structure and production efficiency, to the integration of strategy and structure and production innovation, multinational expansion and diversification.

Hax and Majluf (2006) explains that strategic planning process comprises of three main elements which helps turn an organization's vision or mission into concrete achievable choice and strategic implementation. The strategic analysis encompasses setting the organization's direction in term of vision, mission and goals. Therefore this entails articulating the company's strategic intent and directing efforts towards understanding the business environment. Strategic choice stage involves generating, evaluating and selecting the most appropriate strategy. Strategy implementation stage consists of putting in place the relevant policies and formulating frameworks that will aid in translating chosen strategies into actionable forms.

The concept of planning emerged out of the development effort and experiences of third world countries when they adopted planning as the major instrument in pursuit of their economic and social development. Strategic planning is viewed as zeroing in on decision –making, information, and the future. Drucker (1993) defines strategic planning as the continuous process of making entrepreneurial decisions systematically and with the greatest knowledge of their futurity, organizing systematically the efforts to carry out these decisions and measuring the results against the plans.

### **1.1.3 Service Delivery**

Strategic planning provides an organization with consistency of actions and ensures that organizational units are functioning towards the same objectives and purpose. This enhances service delivery. In the public sector, strategic planning has been developing gradually. Public service reforms in Kenya started immediately after independence with the sessional paper No. 10 of 1965 on Africa socialism and its application to planning in

Kenya outlining the first institutional framework for reforms. The reforms were aimed at addressing the challenges that faced the Government at the time; diseases, poverty and illiteracy. The main focus was on Africanization of the public service, land reforms among others, with the objective of improving service delivery and performance. Other reforms were later introduced focusing on performance improvement and remuneration for better service delivery (Republic of Kenya 2003).

According to parker and Mathews (2008), Successful organizations are those that can provide goods and services to the customers who want it, where they want it and in the quantity, quality and at the price they want it, thereby delighting rather than merely satisfying customers. Customers are becoming the absolute entity for corporations as the final decision makers for business deals and purchases of products thus the importance to establish competitive strategies to enhance service delivery to the customers and all stakeholders.

There are a couple of elements that constitute quality service delivery and they vary according to nature of business and products being offered by an organization. Some of the key elements include empathy which is the caring individualized attention the firm provides its customers and assurance to build confidence. Also a firm should ensure there is consistent and good customer service with established communication channels. Quality customer service delivery should be responsive and flexible to evolving user needs, and ensure sustainability, availability, timeliness, dependability and reliability. Generally this can be summed up to identification of customers' needs and specifications and in response the firm

develops products and services that will satisfy and meet customer's needs (Kueng, 2007).

According to the World Bank Group's (2007) country assessment report, the quality of service in the Kenya public sector was very low prior to 2003 due to inadequate accountability and responsibility, as well as poor governance. Poor management of the public assets led to almost total collapse of infrastructure, decline in productivity and an increase in poverty (close to 56 percent of the population were living with incomes of less than US\$2 per day) (Kenya National Bureau of Statistics, 2006). Some public servants would also not attend to their duties diligently and it was common to find members of the public waiting to be served while there was no one in the office. The poor service delivery was also due to unclear direction and non-existent strategic plans. Where plans were present, there was no effective implementation and monitoring system. The lack of accountability was caused by an organizational culture characterized by negative values among staff (Republic of Kenya, 2006).

#### **1.1.4 National Hospital Insurance Fund (NHIF)**

The NHIF is a government-owned corporation originally established in 1966 as a sub department of the MOH. Today, the NHIF is no longer a part of the MOH, but operates independently with a wide network of over 400 accredited governmental private and mission health providers spread across the country<sup>36</sup>. In short, the NHIF provides basic inpatient insurance cover to a wide array of individuals, both within the formal and informal sector. Previously, the benefits from NHIF were quite limited and the members were mainly in the high- and middle income bracket. This is no longer the case, and



today the NHIF membership is compulsory for all persons engaged in formal employment, and voluntary for the self employed or informal employed who have attained the age of 18 years.

The NHIF operates under the social principle that “the rich should support the poor, the healthy should support the sick and the young should support the old”. In order to ensure countrywide coverage for its members, the NHIF cooperates with both public and private health providers certifying that the certain minimum requirements are met and divides them, depending on the hospitals price level into three different categories each with a different level of coverage. Category A comprises of government hospitals providing full cover for maternity and medical diseases including surgery. Category B corresponds to private and mission hospitals, and these offer similar coverage as the government hospitals except for surgery. Category C is mainly private hospitals, and members will only receive limited services such as overnight bed coverage (Ministry of Health, 2013).

According to the CEO at NHIF, more than 90 percent of the Kenyan population is currently uninsured, which is primarily a result of ignorance and lack of awareness, and not the ability to pay. The Nairobi province has the highest coverage with almost 25 percent of the population insured, while the North Eastern region has the lowest coverage with less than 3 percent insured. In terms of income, coverage is highest for those in the richest quintile (31%) and lowest for those in the poorest quintile (1%). The level of education is also an important factor affecting the use of health insurance, and for those with college and university education 42.6 and 59.7 percent are insured, respectively. Barely 7 percent of those with only primary education have insurance. Out of the total

number (600,000) of private insurance members in Kenya, 25 percent is located in Nairobi<sup>43</sup>, i.e. 150,000 (Ministry of Health, 2013).

## **1.2 Research Problem**

Bennett (2006) argues that for any institution to be successful, it has to depend on the quality and commitment of its human resources to implement laid strategies. As a result, various development experts have now resolved to impress on governments to strategically plan and roll out a coordinated and comprehensive strategy for effective service delivery. In view of the many challenges that public sector organizations are exposed to, it is imperative for them, to anticipate challenges, identify their strengths to meet anticipated challenges and take control of available opportunities to obtain maximum productivity. Unfortunately, in most organizations, especially in the public sector, strategic plans are not carried out and implemented properly. Some public organizations do not attach any importance to strategic planning and therefore do not have strategic plans for their organizations (Errigde and McIlrory, 2007).

Service delivery to members is the fundamental aim of any health fund and the assessment of clients' satisfaction therefore forms an important component in continuous evaluation of service delivery to a health fund hence the need of a good strategic plan, (Donabedian, 2002). NHIF has gone through various reforms and changes to enable it deliver its services effectively and efficiently through the formulation and implementation of key strategic plan. The first was a 5-year strategic plan covering the period 2001-2005 , second strategic plan covering the years 2005-2010 and now 2010 - 2015 is in its final implementation stages. In the past NHIF has not performed to the

expectations of its members with many feeling that they do not get value for their money and the implementation of the strategic plans was believed will help change these perceptions and help improve its performance. According to McDowell & Newell (2006) poor service delivery such as delays in claims payments and cards processing among other complaints have often contributed to the negative image of the Fund.

There are numerous research studies done locally and internationally but focuses on other aspects other than the effects of strategic plan on customer service delivery. Okwakon (2013) did a study on strategic planning and performance of public secondary schools in Rarieda district Kenya, Chemutai (2014) did a study on study implementation at standard chartered of Kenya, Kathamu (2012) did a study on strategic planning practices and performance of state corporations in Kenya. Internationally Karen S. and Elliot, C. (2011) did a study on strategies to improve client service, this focuses more on formulation rather than implementation of strategy. Ram, (2003) did research on the obstacles to successful implementation of strategies thus there exist a gap on the above study. The study thus seeks to answer the following research question; what is the perceived link between strategic plan implementation and service delivery at National Hospital Insurance Fund?

### **1.3 Research Objectives**

The objective of the study is to establish the link between strategic plan implementation and service delivery at National Hospital Insurance Fund.

#### **1.4 Value of the Study**

The findings of this study will be of great importance to various stakeholders in the healthcare sector in Kenya. First, the study findings will provide valuable insight to the NHIF on the effects of implementation of strategic plans on delivery of services to its customers which will in turn help in the formulation of more relevant and better implementation procedures. The study will also help to identify challenges encountered during the implementation process thus enabling the corporation to put in place measures of mitigating these challenges in the future. To NHIF management, the study finding shall serve as a benchmark by which they can assess the level of their customer satisfactions in line with their strategic plans and thus help improve the needs and expectations of the customers.

In addition, the research will also be beneficial to the Government of Kenya (GOK) since it will provide valuable information on the awareness and effects of the implementation of strategic plans on service delivery in other state corporations. The policy makers and regulators such as the Government of Kenya (GOK) will have an opportunity to understand the prevailing situation in the state corporations. This will influence policy makers in formulating informed policies regarding improvement of customer service delivery with a focus on strategy implementation.

It is also important to the Ministry of Health in ensuring that there is improved health care through effective and efficient customer service delivery as a result of proper strategy implementation. The findings in general could also be used to

improve strategy development, implementation and management procedures as a catalyst to better service delivery at NHIF and other state corporations.

The study will also provide a basis for reference in future research. The scholars and researchers will find this study valuable as they will gain knowledge and carry out further studies on strategy implementation with regards to customer service delivery. By providing insights on the effects of successful strategy implementation, the study will also help other organizations and corporations both local and international facilitate the formulation and implementation of strategies that will improve their service delivery.

### **1.5 Chapter Summary**

Strategic planning provides an organization with consistency of actions and ensures that organizational units are functioning towards the same objectives and purpose. This enhances service delivery. Strategic plan implementation is an integral component of strategic plan process and it is viewed as the process that turns the formulated strategy into series of action and the result ensure the vision, mission, strategy and strategic objectives of the organization are successfully achieved as planned. This chapter has demonstrated an overview of strategic plan implementation and shown how it affects service delivery, the chapter then gives an overview of National Hospital Insurance Fund (NHIF) The chapter also covers the problem statement, , objective of the study and the value of the study.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter will discuss the literature related to strategic plan implementation and the effects it has on service delivery, it will cover theoretical perspectives related to the study. Additionally the chapter will review literature on strategic implementation process, strategic planning process and service delivery. This review of literature establishes framework for the study and highlights the previous studies, which in turn, helps in clearly identifying the gap in the literature.

#### **2.2 Theoretical Perspective**

Strategic planning is a combination of strategy and planning (Leslie, 2008). Strategic planning was designed to help organizations to anticipate and respond effectively to their dramatically changing environments.

##### **2.2.1 Resource-Based Theory**

Resource based theory at business level is used in explorations of the relationships between resources, competition, and profitability including the analysis of competitive imitation, the appropriability of returns to innovations, the role of imperfect information in creating profitability difference between competing firms, and the means by which the process of resource accumulation can sustain competitive advantage. Together, these contributions amount to what has been termed “the resource-based view of the firm.” However the implications of this “resource-based theory” for strategic management are unclear for two reasons. First the various contributions lack a single integrating

framework. Second, little effort has been made to develop the practical implications of the theory. This theory proposes a framework for resource-based approach to strategy formulation which integrates a number of key themes arising from strategic planning literature. The framework involves five-stage procedure for strategy formulation; analyzing the firm's resource-base; appraising the firm's capabilities; analyzing the profit-earning potential of firm; selecting a strategy, and extending and upgrading the firm's pool of resources and capabilities for results in performance (Rumelt, 1984).

### **2.2.2 Survival-Based Theory**

Unlike the resource based theory, the survival-based theory centers on the concept that organization need to continuously adapt to its competitive environment in order to survive. This theory suggests that no firm can secure the resources and capabilities required to survive without interacting with firms and individuals beyond their boundaries (Kepes and Wider, 2012). Firms will actively seek to control (either internally or externally) critical resources as best they can within an environment filled with uncertainty and improve their chances of survival through adaptation to the environment. This theory also suggests that firms are engaged in co-optition (a mix of cooperation and competition).

### **2.2.3 Situational Leadership Theory**

Situational leadership theory by Hersey and Blanchard (1988) while working on the first edition of management of organizational behaviour. This theory suggests that there is no "one size fit all" approach to leadership. Depending on the situation, varying levels of leadership and management are necessary. However; leaders must first identify their most

important tasks or priorities. Second, leaders must consider the readiness level of their followers by analysing the groups' ability and willingness. Depending on these variables, leaders must apply the most appropriate style to fit the given situation. Situational leadership theory clearly explains why some leaders excel in their mission to effective implementation of strategic plans while others fail.

#### **2.2.4 Transformational Leadership Theory**

Transformational leadership theory is defined by Bass in terms of how the leader affects followers who are intended to trust, admire and respect the transformational leader. In transformational type of leadership, the leader is charged with identifying the needed change, creating a vision to guide the change through inspiration and executing the change in tandem with committed members of the group. It also serves to enhance the motivation, morale and job performance of followers through a variety of mechanisms such as being a role model for followers, challenging followers, understanding strengths and weaknesses of followers. A transformational leader will always lead his followers in efficient implementation of strategic plans hence bringing about success of the concerned public organisations (Bass & Avolio, 2004).

#### **2.2.5 The Behavioural Theory of the Firm**

The decision to classify the behavioural theory of the firm as part of an organizational economics approach to strategic management has its precedents, notably in the work of Barney and Ouchi (2006). Furthermore, the behavioural theory of the firm serves as an important block in transaction costs theory; it is also a building block in dynamic capabilities theory and evolutionary economics (Nelson and Winter, 2002). The theory emphasizes the actual process of making business decisions and provides detailed



observation of the ways in which organizations make these decisions. Cyert and March (2002) present the rudiments of a behavioural theory of the firm that have proven to be relevant both to economic theory and to the theory of complex organizations. Organizations provide those in responsible positions the means for exercising authority and influence over others. Organization influences the environment of information and strategies in which decisions are carried out.

### **2.3 Strategy Implementation**

Thompson and Strickland (2004) argue that implementation is an integral component of strategic management process. They add further that it is viewed as the process that turns the formulated strategy into series of action and the result ensures the vision, mission, strategy and strategic objectives of the organization are successfully achieved as planned. Implementation is the process that turns strategies and plans into actions in order to accomplish strategic objectives and goals. Implementing your strategic plan is as important, or even more important, than your strategy. The critical actions move a strategic plan from a document that sits on the shelf to actions that drive business growth. Sadly, the majority of companies who have strategic plans fail to implement them. According to a Hendry (2011) nine out of ten organizations fail to implement their strategic plan for many reasons. 60% of organizations do not link strategy to budgeting, 75% of organizations do not link employee incentives to strategy, 86% of business owners and managers spend less than one hour per month discussing strategy, 95% of a typical workforce does not understand their organization's strategy implementation.

Implementing of strategies is the second phase of the strategic management process. This is the implementation of the chosen strategy or strategies (Byars, 2009). In this phase, it is important for the organization to undertake an assessment for it to establish what will be needed for the implementation of the formulated strategy. This helps it to achieve the set performance criteria. They further point out that managing the process of implementing and executing strategy within the organization needs to be mainly a proactive administrative responsibility that includes the following primary aspects: Establishing capacities necessary to carry out the strategy successfully, developing budgets to allocate the needed resources into those internal activities critical to strategic success, establishing strategy-supportive policies and operating procedures that will guide managers and members to work exactly according to expectations created by the set strategy.

Other important aspects include; motivating managers and members in ways that encourage them to pursue the identified objective actively and, if needed, adjust their responsibility to improve the requirements of successful strategy implementation, rewarding the achievement of managers and members, creating an organizational culture and work climate conducive to successful strategy implementation and execution. Of equal importance is the establishing of information, communication, and operating systems that enable the managers and members to carry out their strategic roles effectively, and introducing best practices and programmes for continuous improvement. Top management also needs to apply their internal leadership that is essential to drive implementation forward and to keep improving on how the strategy is being executed (Bennett, 2006).

Many strategic initiatives fail to achieve their intended objectives. According to Cook, (2005) 70% of the failures are due to poor execution. To implement a strategy, change will be required in the business processes and if the implementation is poor, all other elements of management become a waste of time and effort. Thompson and Struckland (2004) states that implementation of strategy entails converting the organization strategic plan into action and then into results. Heads of major functions in an organization are responsible for seeing that the business plans are successfully implemented. The implementation process typically impacts every part of the organization structure. Every manager has to think of what he has to do in his department in order for the strategic plan to be successfully implemented.

## **2.4 Strategic Planning**

According to Robert and Duncan (2007), strategic planning gives overall direction to areas like financial strategy, marketing strategy, organizational development strategy and human resources strategy, to achieve success. Strategic planning betters decisions making. Information communicated through vision and strategy allows people to make the best decisions in hiring and rewarding the right people, adopting and developing the right systems, and making the right investment decisions. In addition, strategic planning increases energy resulting from rallying behind a cause, and elimination of conflict and confusion of priorities. It also improves customer satisfaction; a true test of value and leads to higher retention and growth. As a result, good planning leads to competitive advantage in doing what you do better than others. It will also lead to better decision making, uncovering the enormous intellectual and creative capacity of an organization that collectively

works toward solutions rather than relying on selected few. Over time, good planning will lead to market recognition such that a person can own a position and space in the marketplace.

Grant (2003) points out that a strategic plan is a fundamental framework through which an organization can simultaneously assert its vital continuity and facilitate its adaptation to the changing environment. It is one of the top management tools for coping with both external and internal changes. It is the match between organizations resources, skills, environmental opportunities and risks, and the purposes it wishes to accomplish. A good strategy is one that has simple, consistent and long-term objectives. This involves the single mindedness of goals, unity of purpose and long term focus.

## **2.5 Strategic Planning and Service Delivery**

The importance of strategic performance measurement has grown substantially over the last few decades. The reinvention and results oriented management movements advocated for increased performance measurement for greater accountability and improved organizational efficiency (Ingraham, 2005). Though not all public sector scholars are comfortable with the elevated importance of performance, many place value of measuring performance as a means of understanding how well an organization is performing (Van Dooren, 2010). Proponents of performance measurement advocate for utilizing a variety of different types of measures to represent various dimensions of performance and provide a balanced and comprehensive view of an agency's or program's performance. Output measures, for example, gauge the amount of direct products, or units of services, produced as part of a program. Efficiency and productivity

measures are typically ratios of output measures per the cost spent to produce the output. Service quality measures represent a variety of qualitative dimensions of the outputs or services produced. Outcome measures are indicators of a program's substantive goal achievement, and cost-effectiveness measures are ratios of effectiveness measures to the cost of producing them.

Strategy enables companies to focus their resources and effort (Pearce and Robinson, 1988). The development of strategy helps managers identify critical tasks that need to be performed and hence helping in defining an organizational strategic thrust. Strategy also helps an organization develop a competitive advantage in the market. This in turn enables the organization to outperform and outwit the competition successfully. Porter (2003) underscores the role of strategy by arguing that the goal of strategy is to help secure enduring competitive advantage over rivals. Strategy also guides organizations to superior performance through establishing competitive advantage and acting as a vehicle for communicating and coordinating activities and policies within the organization (Johnson and Scholes, 2010).

## **2.6 Research Gap**

Cook, (2005) focused their study on how organizational structure influences strategy plan implementation and found the process of strategy implementation to be structured and formal. They also concluded that during the strategy development process greater emphasis is placed on financial information, but during the implementation phase both financial and non-financial information are emphasized. Chemutai, 2014) did a study on the effects of strategic management practices on Yehu microfinance trust fund in

Mombasa County. The findings of his study showed that there is a direct relationship between strategic management practices and performance of the micro finance company.

Aosa (2006) did a study on aspects of formulation and implementation of strategic plans in Kenya. He surveyed over 50 large private manufacturing firms in Kenya where he used questionnaires as a method of data collection he concluded that management was the key factors that influenced strategic plans formulation and implementation. Ansoff & Mcdonnel, (2009) in her study on “factors affecting implementation of strategic plans in non-governmental organizations in Kenya” through a descriptive survey of 258 non Governmental organizations in Kenya she came to a conclusion that management styles, communication, organization structure, stakeholders and organizational resources all affect the implementation of strategies in any organization.

Most Kenyan researchers have concentrated on MFIs, NGO’s and SME’s on strategic plan implementation. There are no many study that have been done in Kenya on strategic plan implementation in government agencies especially in the health sector hence the study seeks to fill this gap by finding out the perceived link between strategic plan implementation and service delivery at NHIF.

## **2.7 Chapter Summary**

In summary this chapter covered the five theories of strategy implementation and operational performance. Resource based theory at business level is used in explorations of the relationships between resources, competition, and profitability. The survival-based theory centers on the concept that organization need to continuously adapt to its competitive environment in order to survive. Situational leadership theory clearly

explains why some leaders excel in their mission to effective implementation of strategic plans while others fail. Transformational leadership theory is in terms of how leaders affect followers who are intended to trust, admire and respect the transformational leader. Behavioural theory emphasizes the actual process of making business decisions and provides detailed observation of the ways in which organizations make these decisions. The study also covered empirical literature from various studies and the research gap.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter focused on the research design, target population, methods of data collection, data collection instruments and procedures and the data analysis.

#### **3.2 Research Design**

A case study research design was adopted. According to Kothari, (2006) a case study design is a way of organizing data and looking at the object to be studied as a whole, a case study makes a detailed examination of a single subject or a group of phenomena. Case approach helps to narrow down a very broad field or population into an easily researchable one, and seeks to describe a unit in details (Bell, 2009). The study hence considers case study design suitable since data was gathered from a single source which was NHIF. This method of research design was important in establishing the perceived link between strategic plan implementation and service delivery at National Hospital Insurance Fund.

#### **3.3 Target Population**

Target population in statistics is the specific population about which information is desired. According to Ngechu (2004), a population is a well defined set of people, services, elements, events, group of things or households that are being investigated. This definition ensures that population of interest is homogeneous. Population studies are more representative because everyone has equal chance to be included in the final sample that is drawn according to. The term is commonly used to refer to the group of or entities



to which the findings of the sample are to be generalized (cooper and Schindler, 2008). The target population for the study was 7 senior management staff at NHIF.

### **3.4 Data Collection**

The study used both primary data and secondary data. Primary data was collected through an interview guide which used face to face interviews. Primary data is data that has not been previously published, that is, data derived from a new or original research study and collected at the source. It is information that was obtained directly from first-hand sources. The researcher used the interview guide to gather information from the selected senior management staff at NHIF. An interview guide is a set of questions that the interviewer asks when interviewing. It makes it possible to obtain qualitative data required to meet specific objectives of the study. Interview guides are also used to standardize the interview situation so that interviewers can ask the same question in the same manner. The interviews are expected to yield higher response rates by using probing questions (Saunders, Lewis & Thornhill, 2009). Secondary data sources used were previous documents or materials to supplement the data received from the interview guides.

### **3.5 Data Analysis**

Before processing the responses, the completed interview guide was edited for completeness and consistency. Data analysis is the process of simplifying data in order to make it comprehensive (Gill & Johnson, 2006). The study used an interview guide to collect qualitative data that was analysed through content analysis and then presented in prose form.

### **3.6 Summary of the Chapter**

The research adopted a case study research design important in establishing the perceived link between strategic plan implementation and service delivery at National Hospital Insurance Fund. The target population for the study was 7 senior management staff at NHIF. The study used both primary data and secondary data. Primary data was collected through an interview guide which used face to face interviews. Secondary data sources used were previous documents and materials to supplement the data received from the interview guides. Data was analysed through content analysis and then presented in pros form.

## **CHAPTER FOUR**

### **DATA ANALYSIS, RESULTS AND DISCUSSION**

#### **4.1 Introduction**

This chapter presents the data analysis and interpretation of the study. The primary data was collected using an interview guide and analysis was done through content analysis to establish the link between strategic plan implementation and service delivery at NHIF. Both genders were well represented in the study. The study revealed that the age of the respondents ranged from 25 years to 50 years an indication that all individuals had been represented. The interviewees had been working in the organisation for more than 2 years thus they could give credible information for the study. Most interviewees had bachelors degree qualification thus they were well educated and thus would understand the questions.

#### **4.2 Strategic Plan Implementation and Service Delivery**

##### **4.2.1 Strategic Plan Implementation**

The study established that strategic plan implementation is an integral component of strategic plan process since it turns the formulated strategy into series of action and the results. The findings also revealed that it is important for NHIF to undertake an assessment to establish what will be needed for the implementation of the formulated strategy. They further pointed out that managing the process of implementing and executing strategy within the organization needs to be mainly a proactive administrative responsibility that includes establishing capacities necessary to carry out the strategy implementation successfully.

The study found out that the organisation has put in place a good communication network since organization communication plays an important role in training, knowledge dissemination and learning during the process of strategic plan implementation. The management has also ensured every staff member understands the strategic vision, the strategic themes and what their role will be in delivering the strategic plan vision.

The study found out that leadership plays a great role in service delivery; it was found that leadership plays an important role in overcoming obstructions from the lower levels that sometimes may appear in the implementation of strategic plans. It was also found that the implementation of strategic plans may not be successful if the lower level managers and the non-management employees are not adequately informed on issues concerning the implementation of strategic plans, moreover, where the information passes through several management levels in an organization may lead to lack of consensus concerning the information hence creation of a barrier that hinders the success of implementing a strategic plan.

The study found out that organization structure plays an important role in service delivery. It was found out that a proper strategy structure alignment as a necessary sign of the successful implementation of new business strategies. The respondents revealed that the structure should be changed to allow room for implementation of a strategic plan hence service delivery. The study also revealed that proper policies and procedures help in service delivery in the organisation as they reduce risks such as pilferage, unauthorized transactions, and also help to ensure accountability. The interviewees stated that the

policies are meant to guide day to day operations besides oversight, controls, and legal framework guiding the management hence service delivery.

The study also found that resource allocation has very important implications on the ability and pace of strategic plan implementation and hence service delivery. The study also found that the department responsible for strategic plan implementation should be provided with adequate resources since it plays a very critical role in strategic plan implementation. The department is comprised of top management, middle management and lower level management. Effectiveness of strategy implementation is, at least in part, affected by the quality of people involved in the process. The study revealed that the department is key to achieve effective implementation of the strategic plan. The findings revealed that strategic plan implementation success depends crucially on the people responsible for its implementation. The activities of NHIF have changed since there is an efficiency and better service since the implementation of strategic plan.

#### **4.2.2 Strategic Plan Implementation and Service Delivery**

The study also found out that strategic plan implementation plays a great role in service delivery since it improves efficiency in the organisation as the employees understand their roles. The respondents indicated that when the organization has adequate resources it has well trained human resource to support strategic implementation and hence service delivery. The study also revealed that when the organization has adequate resources it will be able to put up a good information technology system that supports strategic plan implementation hence service delivery.

The study found out that lack of communication between the strategy formulators and the employees is a challenge in the implementation process which leads to poor service delivery. If employees are not well informed about the strategies and the various tasks they are supposed to perform it will lead to failure in strategy implementation and hence delivery of service will be poor. Inadequacy of resources is another challenge, if resources are not adequate to see the full implementation of the strategies it will lead to strategies being implemented half way, which is very costly to the organization and hence poor service delivery. Wrangles between the management/lack of support from top level management in the organizations are another impediment to the strategic plan implementation and poor service delivery. Instead of Managers concentrating on how they could implement the strategic plan they are caught up in wrangles and hence pulling in different directions which makes it difficult to implement the strategic plan leading to poor service delivery.

The respondents stated that there was some resistant to change on the implementation of the strategic plan implementation process although the employees are made aware of the importance of the strategic plan to service delivery. The organization should puts in place a strategy control systems to measure and track the execution of the strategic plan. The organisation should monitor the strategy implementation so that if there are any deviations, corrective measures can be taken to correct them to enhance good service delivery.

#### **4. 3 Discussion of Findings**

The study found out that the strategic plan is essential in NHIF to enhance service delivery. This is because strategic plans enable companies to focus their resources and effort on certain agendas thus enhancing service delivery (Pearce and Robinson, 1988). The development of strategy helps managers identify critical tasks that need to be performed and hence helping in defining an organizational strategic thrust. Strategy also helps an organization develop a competitive advantage in the market. This in turn enables the organization to outperform and outwit the competition successfully.

The findings of the study on strategy implementation at NHIF revealed that the organisation has put in place well structured leadership team which is charged with the responsibility of ensuring that the strategy implementation process is. However lack of coordination resulted to poor service delivery in some areas. The findings are in agreement with findings by Al-Ghamdi (1998) who found out that ineffective leadership is a challenge to strategy implementation and that ineffective coordination of implementation activities is one of the causes of failure of strategic implementation activities.

The study found that resource allocation plays a key role in strategic plan implementation hence service delivery. This is in agreement with Musyoka (2008) who stated financial resources, human resources as a key contributor to strategic plan implementation. On Communication the study found that there are some lapses in communication that results to poor service delivery at NHIF. The findings of the study were in agreement with Alexander (2005) who found out that poor and ineffective communication is a challenge to strategy.

#### **4.4 Chapter Summary**

The study established that strategic plan implementation is an integral component of strategic plan process since it turns the formulated strategy into series of action and the results. The study found out that the organisation has put in place a good communication network, leaders, organisation structure and resources for good service delivery. The study also found out that strategic plan implementation plays a great role in service delivery since it improves efficiency in the organisation as the employees understand their roles.



## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Introduction**

From the analysis and data collected, the following discussions, conclusion and recommendations were made. The responses were based on the objective of the study. The researcher had intended to establish the link between strategic plan implementation and service delivery.

#### **5.2 Summary of Findings**

Leadership was found to play a significant role in determining the organizational service delivery. This may be attributed to the public nature of NHIF since it promotes health care delivery of many individuals both in formal and informal employment. The management is thus required to adhere to policies and procedures thereby limiting initiative and risk-taking on the part of the organization management. Organization structure also plays an important role in service delivery at NHIF. It was found out that a proper strategy structure alignment is a necessary sign of the successful implementation of new business strategies.

The study found out that there is positive interaction between organization structure and service delivery. Thus structure of the organization accounts for much of its strategic plan implementation hence service delivery. Therefore, if the organization determines that it is better to provide managers with opportunity to assert more leadership roles, then strategic renewal could involve modifying an organization's structure in order to implement management's intended strategy. The study also found out that resource allocation plays a significant role in determining service delivery thus there should be adequate resources

to implement strategic plan implementation. The study also found out that if there is poor relationship among different units/departments in the organizations it may bring about organizational conflicts which results in ineffectiveness in implementing the strategies.

The study found out that there are some challenges faced in the implementation of strategic plan such as; lack of communication between the strategy formulators and the employees. It was revealed that some employees are not well informed about the strategies and the various tasks they are supposed to perform. Resources are sometimes not adequate to see the full implementation of the strategies at NHIF which led to strategies being implemented half way, which is very costly to the organization. Lack of proper information systems is a major obstacle in implementing strategy implementation at NHIF. Wrangles between the management/lack of support from top level management in the organizations are another impediment to the strategic plan implementation.

### **5.3 Conclusion**

Leadership play a significant role in determining the organizational service delivery. The study also concludes that organization structure affects the service delivery at NHIF thus if the organization wants to allow its employees to push themselves to exceptional limits, then it must ensure that the employees are involved in strategic plan implementation hence service delivery. The study also concludes that resource allocation has very important implications on the ability and pace of strategic plan implementation and hence service delivery.

The study concludes that there are some challenges faced in the implementation of strategic plan at NHIF such as; lack of communication between the strategy formulators

and the employees. Resources allocation is also a challenge, where if the resources are inadequate to see the full implementation of the strategies it will lead to strategies being implemented half way, which is very costly to the organization. Lack of proper information systems is also a major obstacle in implementing strategy implementation at NHIF. Wrangles between the management/lack of support from top level management in the organizations are another impediment to the strategic plan implementation.

#### **5.4 Recommendations for Policy and Practice**

The study recommends that;

The management should offer support to the department and employees responsible for the implementation of the plan. Support of top level management is crucial to strategy implementation. The management and heads of Departments should provide sufficient support in implementation of strategic plan.

The management should develop an organizational structure which is aligned to the new strategic plan so as to enhance service delivery. The management should align its own organizational structure to what the strategy is calling for in order to enhance effectiveness of communication and coordination during the implementation process.

NHIF should hire competent employees that have the right skills, attitudes and capabilities to drive through the implementation of strategic plan process. This is because employees are crucial in the implementation of the strategic plan and hence service delivery. The organizations should involve the employees during the strategy formulation process so that everyone can own it and work for the good of it.

The management should develop a good communication system to spread information to employees. They should be updated on all the strategies that have been developed by the strategy formulators; this will help reduce employee resistance to implementation process. They need to be well informed about these strategies and the various tasks they are required to perform during the strategic implementation process is crucial.

The management team at NHIF should provide adequate resources which will see through the implementation process of the strategic plan. NHIF management should provide technological infrastructure that will give an organization valuable assistance in implementing new policies, procedures and initiatives for the success of the strategic plan implementation.

### **5.5 Limitation of the Study**

The study was not without some limitations; some of the respondents approached were reluctant in giving information fearing that the information sought would be used to intimidate them or print a negative image about NHIF.

The researcher also encounter problems in eliciting information from the respondents as the information required was subject to areas of feelings, emotions, attitudes and perceptions, which cannot be accurately quantified and/or verified objectively.

The study was limited to NHIF head office in Nairobi where 7 respondents were involved in the study. The respondents opinions could not be representative of all NHIF employees.

## **5.6 Recommendations for Further Studies**

The study sought to determine the link between strategic plan implementation and service delivery at National Hospital Insurance Fund. A study can be done on the challenges facing the implementation process of strategic plan.

A similar study can also be done on link between strategic plan implementation and service delivery in the private sector institutions and help compare the results.

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## **APPENDIX: INTERVIEW GUIDE**

### **SECTION A: DEMOGRAPHIC INFORMATION**

1. Gender of the respondent?
2. Age of the respondent
3. Length of service in the organization?
4. Highest level of education?

### **SECTION B: STRATEGIC PLAN IMPLEMENTATION AND SERVICE DELIVERY**

5. What measures has NHIF put in place to ensure full implementation of strategic plan and hence service delivery
6. To what extent does strategic plan implementation help in service delivery at NHIF?
7. How does strategic plan implementation help in service delivery at NHIF?
8. What are the challenges faced in the implementation of strategic plan at NHIF?
9. To what extent does leadership help in the implementation of strategic plan and hence service delivery at NHIF?
10. How does leadership help in the implementation of strategic plan and hence service delivery at NHIF?
11. How do good organisation structures help in the implementation of the strategic plan and hence service delivery at NHIF?

12. To what extent do good organisation structures help in the implementation of strategic plan and hence service delivery at NHIF?
13. To what extent do proper policies and procedures in regard to the implementation of strategic plan help in service delivery at NHIF?
14. How do proper policies and procedures in regard to the implementation of strategic plan help in service delivery at NHIF?
15. How does resources allocation in regard to the implementation of strategic plan help in service delivery at NHIF?
16. To what extent does resource allocation in regard to the implementation of strategic plan help in service delivery at NHIF?
17. How has the department responsible for strategic plan related matters been in charge of strategy implementation hence service delivery?
18. How have your activities and the activities of staff in your department changed as a result of the strategic plan implementation?
19. What were the most significant costs (political, bureaucratic, and financial) that emerged in the strategic plan implementation process?
20. What would you recommend regarding the various ways to strengthen the relationship between strategic plan implementation process and hence service in your organization

**Thank you for your time**